GOVERNMENT OF INDIA
AGRICULTURE
LOK SABHA

UNSTARRED QUESTION NO:2733
ANSWERED ON:19.03.2007
LINKING OF AGRICULTURAL PRICE TO INDUSTRIAL PRICES
Fanthome Shri Francis

Will the Minister of AGRICULTURE be pleased to state:

(a) whether the Government has received any suggestion regarding the change in criteria for fixing price of agricultural produce by linking it to the price index;

(b) if so, the details thereof;

(c) whether the Government proposes to link the increase of agricultural prices to the increase in prices of industrial goods; and

(d) if so, the details thereof indicating the manner in which this parity is proposed to be achieved?

Answer

MINISTER OF STATE IN THE MINISTRY OF AGRICULTURE (SHRI KANTI LAL BHURIA)

(a) to (d): The Commission for Agricultural Costs and Prices (CACP), while making recommendations on price policy, considers Index Numbers of Terms of Trade between agricultural sector and non-agricultural sectors. The Index which is a ratio of Index of Prices received by the farmers for their produces and prices paid for the commodities for final consumption, intermediate consumption and capital formation, essentially measures relative change in the price movement between agricultural and non-agricultural sectors. Besides this, the CACP considers a number of other factors including effect on industrial cost structure, effect on general price level and effect on cost of living.